

**2009-2010** TENNESSEE GUIDE TO

*Tennessee*

**DISTRIBUTION CENTERS**

Tennessee Department of Economic & Community Development



# Distribution Centers

Distribution Centers are a compilation of several industry subsectors pertaining to the wholesale, storage and transport of goods. Facilities in this industry fall into one of two sector groups: Wholesale Trade (NAICS 42) and a subsector of Warehousing and Storage (NAICS 493).

The Wholesale Trade sector comprises establishments engaged in wholesaling merchandise, generally without product transformation, and rendering of services incidental to the sale of merchandise. This sector comprises two main types of wholesalers: merchant wholesalers that sell goods on their own account and business electronic markets, agents, and

brokers that arrange sales and purchases for others typically for a commission or fee.

Industries in the Warehousing and Storage subsector are primarily engaged in the operation of warehousing and storage facilities for general merchandise, refrigerated goods, and other products. They may also provide a range of logistics services related to the distribution of goods. Logistics services may include labeling, breaking bulk,

inventory control and management, light assembly, order entry and fulfillment, packaging, pick, pack and ship, price marking and ticketing, and transportation arrangement and management.

*Sources: 2007 U.S. NAICS,  
U.S. Census Bureau*

**Wholesalers are organized to sell or arrange the purchase or sale of:**

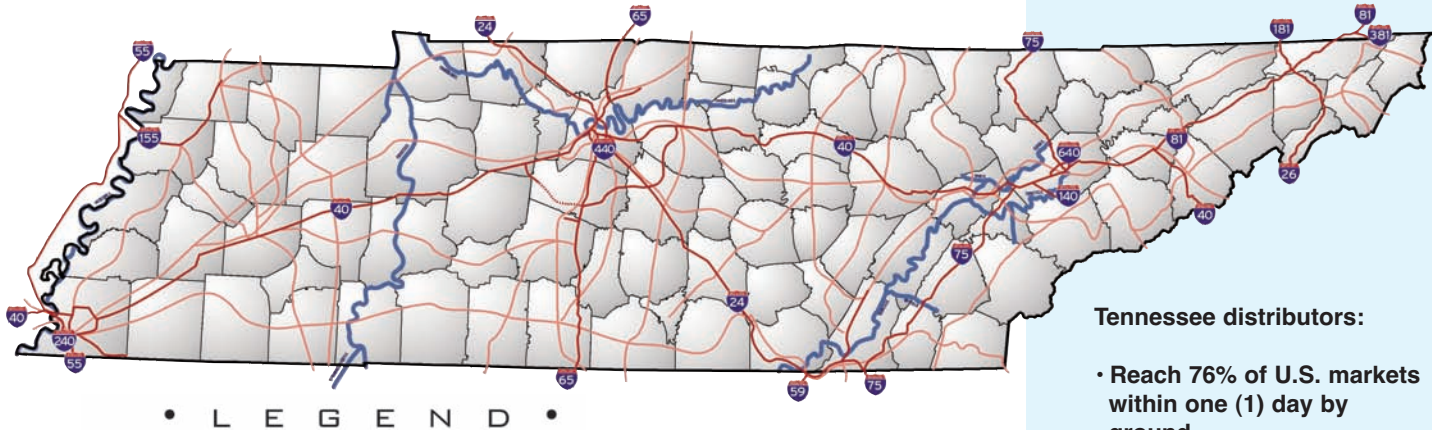
- **Goods for resale (i.e., goods sold to other wholesalers or retailers)**
- **Capital or durable non-consumer goods**
- **Raw and intermediate materials and supplies used in production.**

Tennessee is home to 13,736 distribution centers employing approximately 146,665 people. Tennessee is the optimal choice for distribution centers as these enterprises typically require fast access to transportation systems and

to be within easy reach of metropolitan market areas. Tennessee has numerous rural and semi-rural locations with fast access to metropolitan markets and an unsurpassed transportation infrastructure.

## DID YOU KNOW?...

Tennessee's strong transportation infrastructure is especially important to the growth of distribution centers in the state.



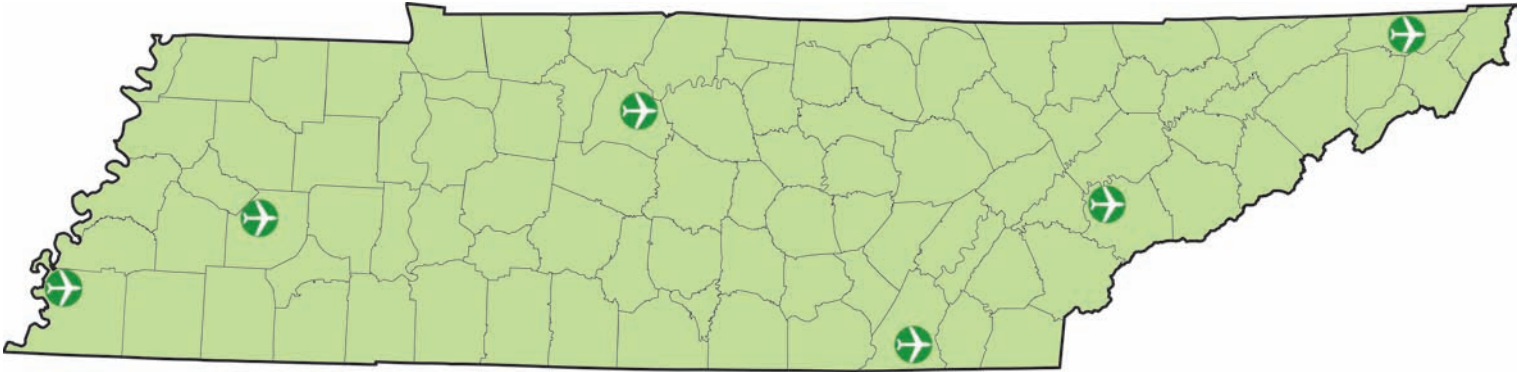
### Tennessee distributors:

- Reach 76% of U.S. markets within one (1) day by ground.
- Are situated at the intersection of eight (8) major interstate highways.







Sources: US Department of Labor Stat 2008  
Tennessee Landscapes 2008

## Advantage Tennessee—By Air

Access the world's busiest freight airport with connections to any location in the world.



### Commercial Service Airports

	Nashville International, Nashville	(longest runway - 11,029')
	Memphis International, Memphis	(longest runway - 11,120')
	McGhee Tyson, Knoxville	(longest runway – 9,000')
	Chattanooga Metropolitan, Chattanooga	(longest runway – 7,400')
	Tri-Cities Regional TN/VA, Bristol-Johnson City-Kingsport	(longest runway– 8,000')
	McKellar-Sipes Regional, Jackson	(longest runway – 6,000')

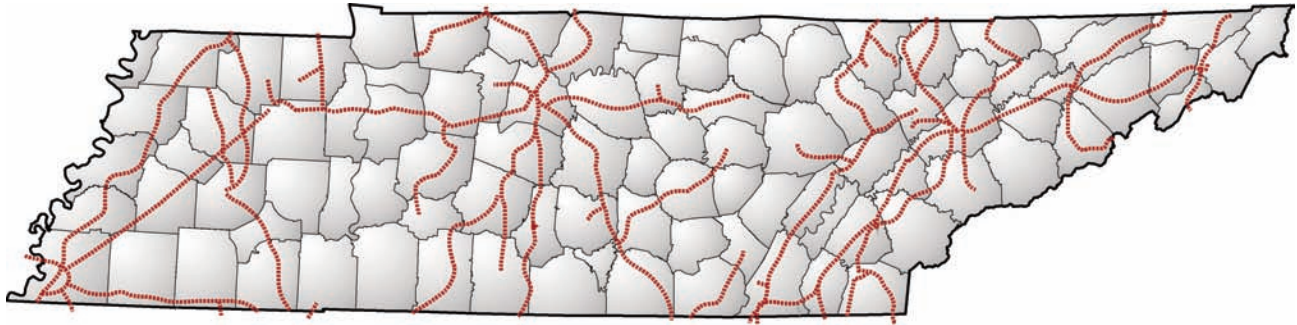
### General Aviation Airports

- Tennessee has 75 regional and community service airports to meet business logistic needs.

## Advantage Tennessee—By Rail

Tennessee has many options for rail transportation use by industries in the state. There are three major rail lines traversing most of the state landscape: Norfolk-Southern, CSX, and Illinois-Central.

- Memphis is a gateway for four major railroads. This gateway serves all points west of the Mississippi River and is the third largest rail center in the U.S.



### SHORT-LINE RAILROADS

- Tennessee has nineteen short line railroads serving small communities and rural areas
- Additionally, substantial investments have been made in intermodal facilities to accommodate TOFC, COFC and bulk storage transfers at several Tennessee locations.



## Advantage Tennessee—By Water

- Located centrally on the nation's inland waterway system, Tennessee enjoys the benefits of more than 1,062 miles of navigable waterways.
- The inland waterway system connects terminals on the Tennessee, Cumberland, and Mississippi Rivers and their tributaries with river ports in 21 states and ocean ports in Houston, New Orleans and Mobile, Alabama.



### **Other notable facts concerning Tennessee waterways include:**

- Memphis is the 4th largest inland port in U.S.
- General-purpose terminals handle cargo of all types and can accommodate the interchange of traffic and freight between barge and rail while special-purpose terminals are used by more than 200 existing Tennessee industries.
- The Tennessee-Tombigbee Waterway provides Tennessee with direct access to the Gulf of Mexico harbors and international markets. This was the largest civil works project ever undertaken by the U.S. Army Corps of Engineers.
- Currently under construction is the Port of Cates Landing in Lake County. Facilities and capabilities will include a 9,000 linear feet of slack water harbor operable year round (already completed), expandable Intermodal Port Dock and transload facility serving barge, rail and truck and rail access to Canadian National Railroad

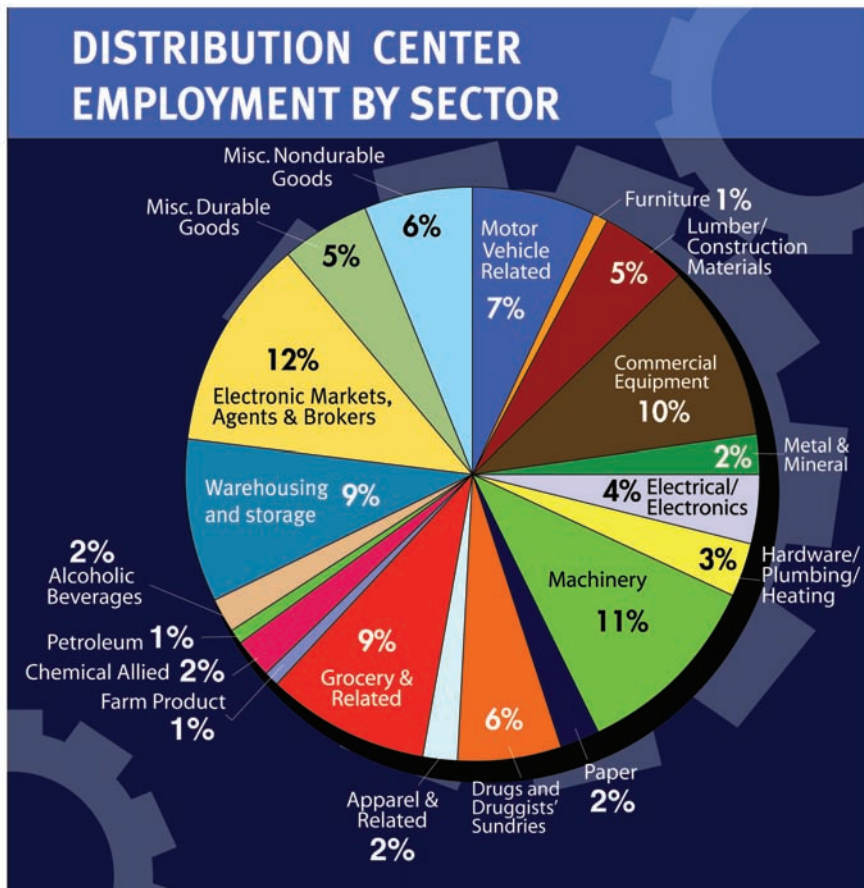
***Distribution centers are spread fairly evenly across the State of Tennessee, with concentrations in and around some of the larger cities. There are 3,022 distribution centers in West Tennessee, 4,015 in Middle Tennessee, and 3,536 in East Tennessee. Shelby County in West Tennessee leads the state with 2,140 distribution centers, which employ 37,478 people. In Middle Tennessee, Davidson County has 1,616 distribution centers, which employ 24,068 people. In East Tennessee, Knox County has 1,003 distribution centers, employing 13,804, and Hamilton County has 788, employing 8,062.***



Source: 2007 Trend Data, ECD Research and Planning

**Twelve percent of Distribution Center employees are employed by electronic markets, agents and brokers. This is followed by machinery and equipment wholesalers at 11% and commercial equipment with 10% of the total employment.**

*The adjacent graph represents Distribution Center employment distribution.*



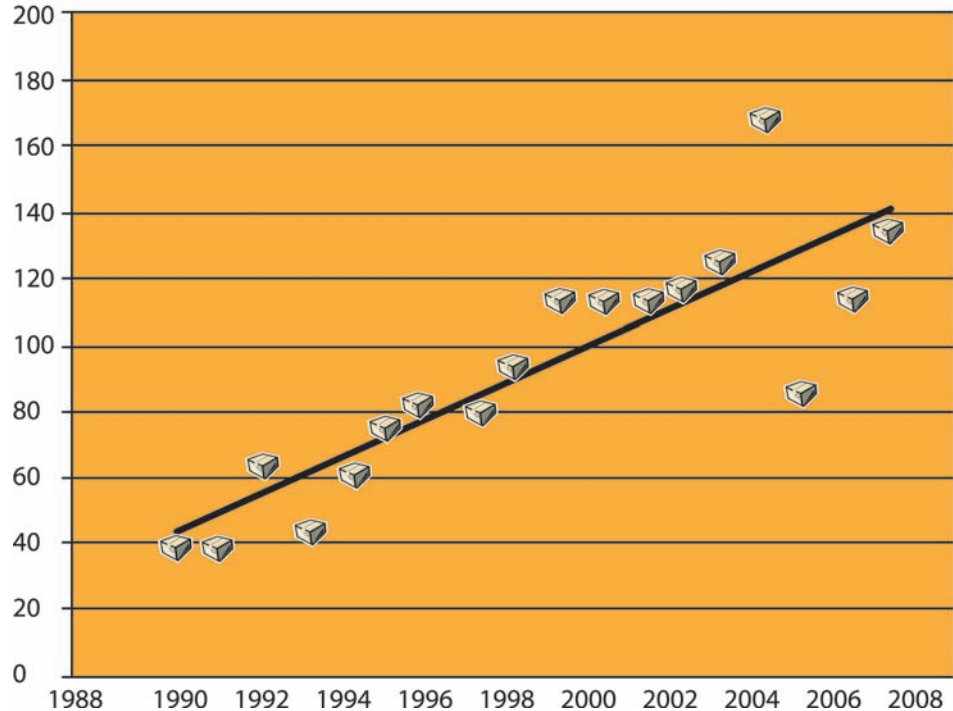
Source: U.S. Department of Labor, Bureau of Labor Statistics, 2008



# NEW AND EXPANSION PROJECTS

The Distribution Center sector in Tennessee has historically shown strong and steady growth. Between 2001 and 2008 over 122 new Distribution Centers opened for business. Employment in Distribution Centers is over 5% of the total employment of all sectors and represents 8% of the service sector. Given this trend toward positive distribution sector expansions, Tennessee is fast developing an outstanding infrastructure system that affords our Distribution Centers unbeatable advantages in logistical efficiency.

*Source: 2008 Growth Data,  
Economic and Community Development  
Research and Planning*



## Labor Market Information

Tennessee's wage rates are competitive with those of any area of the country. The table below gives the average annual pay for workers in distribution centers in Tennessee as a whole as well as in some individual counties.

Average Annual Pay	
Tennessee Overall	\$54,970
Shelby County	\$60,404
Davidson County	\$58,517
Knox County	\$51,330
Hamilton County	\$50,366
Madison County	\$39,111

*Source: U.S. Department of Labor, Bureau of Labor Statistics, 2008*

## Advantage Tennessee—Driving Distance(s)

Tennessee is the strategic choice for Distribution Centers due to its central location. Tennessee is within a day's drive of the majority of the U.S. market centers. The table below details driving distances between several well positioned cities in Tennessee and important cities in other states.

Distance (in miles)

	Memphis	Nashville	Chattanooga	Knoxville	Jackson	Johnson City
Atlanta	388	247	118	214	379	266
Birmingham	242	192	147	257	219	361
Cincinnati	482	271	359	251	401	354
Chicago	533	470	602	540	517	643
Dallas	452	664	784	843	540	947
Detroit	742	532	620	512	622	615
Indianapolis	464	287	419	358	417	460
New Orleans	395	533	490	601	477	703
Orlando	826	686	556	652	817	641
St. Louis	284	308	440	485	268	589
Tupelo	107	239	287	397	105	501
Washington D.C.	877	665	598	488	797	411
Toronto, CANADA	971	761	849	741	891	134

Sources: The Road Atlas '05; [www.mapquest.com](http://www.mapquest.com)

Many Tennessee companies own large Distribution Centers located within the state. Technicolor Home Entertainment, Inc. in Shelby County employs 3,500 people. Ingram Book Company also has Distribution Centers in Tennessee employing 1,000 or more people. The table below gives the 20 largest Distribution Centers in the state, representative of a number of diverse industries.

<b>COMPANY</b>	<b>LOCATION</b>	<b>COUNTY</b>	<b>EMPLOYEES</b>
Technicolor Videocassette Inc	Memphis	Shelby	3500
Ingram Book Group Co	La Vergne	Rutherford	2048
Stellar Management Group, Inc	Chattanooga	Hamilton	947
Sara Lee Co	Newbern	Dyer	850
Robert Orr Sysco Food Services LLC	Nashville	Davidson	694
Manheim Auctions Inc	Nashville	Davidson	600
AT&T Mobility LLC	Memphis	Shelby	600
Hardin's-Sysco Food Services LLC	Memphis	Shelby	600
Lennox Hearth Products Inc	Union City	Obion	440
Institutional Jobbers Co Inc	Louisville	Blount	434
Square D Co	Nashville	Davidson	400
Masco Corp of Indiana	Jackson	Madison	385
Unarco Material Handling Inc	Springfield	Robertson	370
Honeywell International Inc	Jackson	Madison	357
Siskin Steel & supply Company	Chattanooga	Hamilton	355
Ingram Micro Inc	Millington	Shelby	350
US Foodservice Inc	Alcoa	Blount	350
Orgill Inc	Memphis	Shelby	350
Farley's & Sathers Candy Co.	Chattanooga	Hamilton	350

Source: Harris InfoSource 2008

## REFERENCES

*An Economic Report to the Governor of the State of Tennessee: The State's Economic Outlook, January 2009*

*Harris Infosource, 2008*

*Tennessee Landscapes, 2007*

*The Road Atlas '07. Rand McNally; [www.mapquest.com](http://www.mapquest.com); [www.google.com](http://www.google.com)*

*2007 U.S. NAICS, U.S. Census Bureau*

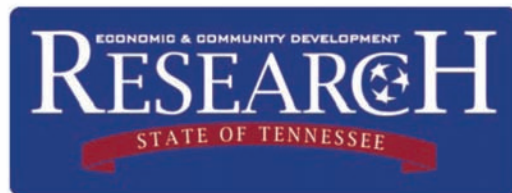
*U.S. Department of Labor, Bureau of Labor Statistics, 2008*





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*Tennessee Department of Economic and Community Development,  
Authorization #330983 – 1,000 copies, Sept. 2009. This public  
document was promulgated at a cost of \$1.22 per copy.*

